Employment and Social Development Canada
Emploi et Développement social Canada

Now and Tomorrow
Excellence in Everything We Do

Unclassified

Audit of the Employment Insurance Program Delivery of Special Benefits

January 2018

Internal Audit Services Branch

Canada

Audit of the Employment Insurance Program Delivery of Special Benefits

This publication is available for download at canada.ca/publicentre-ESDC
It is also available upon request in multiple formats (large print, Braille, MP3, audio CD, e-text CD, DAISY or accessible PDF), by contacting 1 800 O-Canada (1-800-622-6232).
By teletypewriter (TTY), call 1-800-926-9105.

© Her Majesty the Queen in Right of Canada, 2018
For information regarding reproduction rights: droitdauteur.copyright@HRSDC-RHDCC.gc.ca.

PDF
Cat. No. : Em20-87/2018E-PDF
ISBN: 978-0-660-25875-1

ESDC
Cat. No. : SP-1164-04-18E

Table of Contents

1. Background 1
   - 1.1 Context 1
   - 1.2 Audit Objective 1
   - 1.3 Scope 2
   - 1.4 Methodology 2
2. Audit Findings 3
   - 2.1 Information required to adjudicate special benefits claims could be collected more efficiently 3
   - 2.2 Processes and systems can be transformed to further increase first contact resolution 5
   - 2.3 PROTECTED 7
   - 2.4 Controls to achieve correct decisions are adequate but controls to achieve consistency could be improved 7
3. Conclusion 10
4. Statement of Assurance 10

Appendix A: Audit Criteria Assessment 11

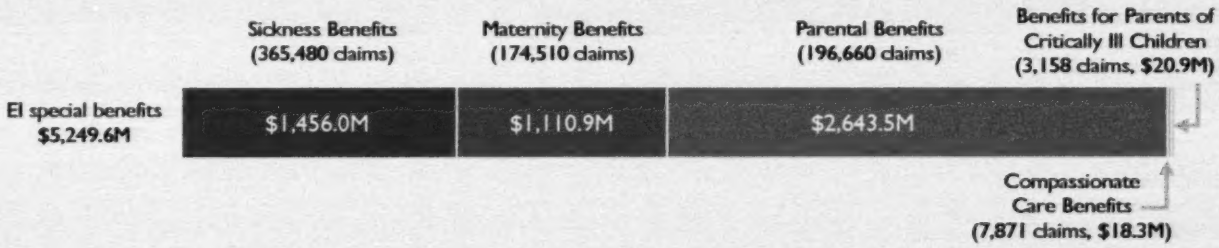
Appendix B: Glossary 12

1. Background

1.1 Context

The Minister of Employment and Social Development Canada (ESDC) is responsible for the *Employment Insurance Act*. The Canada Employment Insurance Commission, with the assistance of ESDC employees, is responsible for the administration of benefits outlined in the *Employment Insurance Act*.

Special benefits within the Employment Insurance (EI) program provide temporary financial assistance to workers who are sick, pregnant, or caring for a newborn, a newly adopted child, a critically ill child or a family member who is seriously ill with a significant risk of death. Together, these special benefits represented $5.25 billion paid in 2015–16 according to the EI Monitoring and Assessment Report for that fiscal year.



Over the years, the Department has invested in the design and use of technologies to support automated application processing, as well as to expand internet services. In 2002, the Department started accepting electronic applications for EI. Since 2003, ongoing modernisation efforts have enabled the full or partial automation of a growing number of EI claims. In 2010, the Department implemented the National Workload System (NWS) which enabled users across the EI processing network to view and manage their work. In addition, NWS automatically distributes work items to staff members across the country, according to their availability and their specific competencies.

1.2 Audit Objective

The objective of this audit was to determine whether the Department manages the delivery of EI special benefits effectively and efficiently.

1.3 Scope

The scope of this audit included key controls related to the management of intake, adjudication, processing, and payment of special benefits. The audit also included key controls related to monitoring, reporting and safeguarding of personal information.

The audit excluded:

- EI special benefits overpayments as EI Overpayments have been covered by the Office of the Auditor General 2013 Spring Report. Furthermore, these were also covered in the scope of two Internal Audits of Accounts Receivable recently completed.
- Claims for Maternity, Paternity or Parental Benefits administered by the province of Québec under the Québec Parental Insurance Plan.
- Business continuity plans for EI as this was covered in the March 2017 Internal Audit of Business Continuity Planning.

1.4 Methodology

The audit was conducted using a number of methodologies including:

- Documentation review and analysis;
- Interviews with management and staff from Transformation and Integrated Service Management Branch (TISMB), Integrity Services Branch (ISB), Citizen Service Branch (CSB), and Skills and Employment Branch (SEB);
- On-site walkthroughs and interviews in regional Service Canada Centres, Processing Centres and Call Centres in the cities of Bathurst, Moncton, Laval, Montreal, Shawinigan, Sudbury, Toronto, Regina and Edmonton;
- Data mining; and
- Sampling to provide assurance on the adequacy of the control environment.

2. Audit Findings

2.1 Information required to adjudicate special benefits claims could be collected more efficiently

AppliWeb

Clients apply for special benefits using AppliWeb. In 2015–16, 98.5% of applications for benefits were submitted using AppliWeb. Over the years, AppliWeb has been improved through a number of enhancements including "plain language" reviews to simplify the application process for clients. Furthermore, additional questions were added to the form to allow for increased automation. Internal Audit encourages the Department to continue with these reviews and would suggest:

- Improving the "Personal Information" section to allow clients to add multiple ways of contacting them (land line, mobile and e-mail), including a clear explanation of the impact of not providing such information (adding up to a week to the processing time if the client needs to be contacted).
- The current "Workforce History" section of the questionnaire needs to be clarified and linked to previous answers provided by the client. If the claimant mentioned that they have received money through Workers' Compensation, the "Workforce History" section should tailor the questionnaire so it doesn't simply ask "During the last 2 years, were you at any time in receipt of Workers' Compensation".
- The current "Attestation for Sickness Benefits" section does not indicate what constitutes an acceptable medical certificate. When the medical certificate is invalid (e.g. signed by a physiotherapist or the signature date is not indicated on the medical certificate), the client needs to be contacted by mail and 10 business days are added to the processing time.

Medical Certificates Intake for Sickness Benefits

To prove entitlement to Sickness Benefits, clients must obtain a medical certificate signed by a doctor or medical practitioner that confirms their illness or incapacity during each week they received or claimed Sickness Benefits. Following a simplification measure in 2011, clients no longer have to provide their medical certificates to the Department when they apply but must keep their certificate for six (6) years.

There are a number of issues arising from introducing this measure, some related to client service, others to stewardship of funds (see section 2.3). From a client service perspective, Internal Audit was informed that, in some instances, Service Canada Centres staff refused medical certificates brought in by clients if it had not been explicitly requested by the Department. Some of these clients were then contacted days or weeks later by the Department requesting to provide the medical certificate to complete processing or as part of an integrity review. As per Internal Audit analysis, medical certificates are requested for a third of all Sickness Benefits claims and according to the 2017 EI Service Quality Review Report, a third of Service Canada Centre visits related to EI are made to provide information related to a client's claim.

Medical certificates are submitted either in a Service Canada Centre (in 70% of the cases), by mail (in 25% of the cases) or by fax (in 5% of the cases). All channels will send the medical certificate to be imaged. An average of 14 days elapses between the reception of a document required to process a special benefit claim and the creation of the corresponding work item in NWS. To expedite the processing of claims, some Service Canada Centres will transcribe the content of the certificate so processing agents can continue the manual processing of Sickness Benefits. However, this "transcription service" is not consistently offered in all Service Canada Centres (i.e. not all centres offer the service and centres that offer it might not do so in peak hours).

Recommendation

1. To improve program delivery of EI special benefits, CSB should, in collaboration with TISMB and regions, standardize, clarify and communicate guidance with respect to the acceptance and transcription of medical certificates.

Management Response

CSB agrees with the recommendation. CSB will undertake the implementation of the First Point of Contact Resolution project which will include the processing of extension of sickness benefits at first point of contact. Along with this initiative, procedures regarding the acceptance and transcription of medical certificates will be included. The process will be standardized nationally. The project is expected to be completed by August 2018.

Use of Paper forms

Although in 2015–16, 98.5% of applications for benefits were submitted using AppliWeb, paper forms supporting the online application are still required for all of the following cases:

- Clients requesting the Parents of Critically Ill Children or Compassionate Care Benefits have to complete two paper forms. The first form authorizes the release of the medical certificate by the person being cared for and the other is the actual medical certificate form to be filled by the doctor or practitioner who cared for and treated the patient. Internal Audit noted that none of these forms had a field for a claimant to capture their Social Insurance Number (SIN) thus resulting in further delays when these forms are being imaged for the claim to be processed. TISMB is in the process of updating those forms. Internal Audit advises management to widen the review to ensure all paper forms used for special benefits have a field for the SIN of the claimant.
- In some cases, when converting from Sickness to Maternity or Parental Benefits, the client will have to complete a paper form. This form is signed by the client and contains information required to determine the client's entitlement to these special benefits. This form needs to be imaged for the claim to be processed and the time to process such conversion can lead to a gap in benefits paid to the claimant. Internal Audit advises TISMB, in collaboration with SEB, to explore alternative ways to capture the information to convert benefits from Sickness to Maternity or Parental Benefits (e.g. over the phone or through My Service Canada Account) with the goal of eliminating gaps in benefits paid and improving speed of service.

2.2 Processes and systems can be transformed to further increase first contact resolution

Workload Management

The introduction of Automated Claims Processing (ACP) and NWS has affected how the Department processes EI claims. When a client submits a claim, it is analysed by ACP and to the extent possible, automated. In a third of the cases, ACP will process a special benefit claim completely. The remaining claims will be divided into work items so that ACP can automate as much of the claim as possible and distribute the remaining work items to officers through NWS.

TISMB, following a 2013 recommendation by Internal Audit, has started to "bundle" work items related to the same claim together. However, this automated process is not perfect and still leads to situations where a claimant or an employer may be contacted multiple times by the Department regarding a single claim. To prevent that situation, some officers will manually retrieve all work items related to a claim before processing it. This manual process can be particularly cumbersome, especially when these other work items have already been assigned to another agent (the transfer process can involve up to six individuals).

Recommendation

2. To improve program delivery of EI special benefits, TISMB should develop and communicate procedures as well as guidance to increase the resolution by a single agent of work items related to a single claim.

Management Response

TISMB agrees with the recommendation. In 2014, grouping logic for work items was implemented into the NWS. Procedures and training material were provided to staff. Due to significant staff onboarding efforts in recent years the procedures are no longer well understood and adhered to. To address this gap in knowledge, NWS training will be enhanced, a visual job aid will be developed, in consultation with regions, to assist staff on an ongoing basis with workload grouping and assignment activities. Actions are expected to be completed by March 2019.

NWS is also limited in how it assigns work items that would require a bilingual officer (e.g. a claim was filled in French but the medical certificate is in English). Such work items cannot be marked as requiring a bilingual officer thus leading to the item being reassigned a number of times before it is finally assigned to a bilingual officer.

There is still an amount of manual work that is required by Team Leaders in managing the workload of their employees. For example, when an officer leaves on vacation, the workload queue of the officer needs to be manually reassigned to another officer. This manual assignment leads to issues especially when officers come back from leave. In addition, NWS will not verify that a work item matches the language of the officer to which it is assigned.

Recommendation

3. To improve program delivery of EI special benefits, TISMB should update the NWS to prevent claims from being manually or automatically assigned to officers that do not have the language capacity to process them.

Management Response

TISMB agrees with the recommendation. TISMB will collaborate with regional workload managers to identify the business need and add a bilingual assignment rule to the NWS to ensure proper assignment due to the language capacity.

TISMB, in collaboration with the Innovation, Information and Technology Branch, will identify an appropriate solution and put it forward as part of a project covering NWS enhancements for consideration as part of the Department's investment planning process. Actions are expected to be completed by March 2019.

Call Centre Resolution

Budget 2016 invested $19 million in program responsiveness and $73 million in specialized call centres to enhance the performance of the EI program. The Audit Team noticed the positive impact of these additional investments which resulted in an increase of 46% of available call centre agents (from 760 to 1,100). Since September 2016, the percentage of calls answered within 10 minutes rose from 38% to 86%. This had a positive impact on the network as a whole.

As call centres become more responsive to call volumes and have more time to handle complex requests, it might be beneficial, in order to increase first contact resolution, to identify additional tasks that could be performed by those agents. Currently, some tasks can only be performed by processing centre officers which can add three (3) to four (4) weeks to the processing time. Furthermore, certain complex calls can be referred to a small group of special agents that can resolve adjudication issues while the client is on the phone. These calls usually take longer and can last up to 90 minutes but can prevent a claim from being transferred to a processing centre (adding 21 to 28 days to the processing time). Because of the length of these calls and the small number of special agents available, guidelines instruct regular officers to transfer all inquiries that cannot be answered within one minute to a processing centre.

Recommendation

4. To improve program delivery of EI special benefits, TISMB should, in light of the additional resources injected in Call Centres, review its current strategies and processes to increase first contact resolution.

Management Response

TISMB agrees with the recommendation that Call Centres continue to review opportunities for first contact resolution. Call Centres will engage with stakeholders on new opportunities to expand agent training and authorities, as well as explore how increasing Tier 2 and Tier 3 capacity, as well as leveraging new blended call centre / processing agents can contribute to increased first contact resolution. Actions are expected to be completed by March 2018.

2.3 PROTECTED

PROTECTED.

2.4 Controls to achieve correct decisions are adequate but controls to achieve consistency could be improved

Training

Over the course of the last five (5) years, there has been a shift in the Department from classroom to virtual training. The cost to deliver virtual training is significantly lower than in a classroom environment. However, interviewees consistently questioned the effectiveness of virtual training as currently administered by the Department. The training approach varies across regions and service delivery channels:

- Service Canada Centres use a five (5) day self-directed online course comprised of slides followed by online quizzes. Once the online course is completed and all quizzes have been successfully answered, officers start working in the production environment with the help of an assigned mentor. This training approach has received very mixed reviews by officers interviewed by Internal Audit. These interviews revealed that newly trained officers often feel ill-equipped to help clients. More experienced officers also noticed that since virtual training was deployed, the readiness of officers that have completed training has decreased. There is limited post-training monitoring period for officers in Service Canada Centres.
- Call Centres still provide most of their training in a classroom environment and use training packages developed by the Service Canada College adapted by each teacher. Some regions have been experimenting with a new training approach: once a module has been taught to the classroom, work items will be hand-picked and assigned to students to help them apply the theory that was just covered. Although this lengthens the training process and is more resource intensive up front, regions adopting this approach have noticed that the period dedicated to post-training monitoring has been decreased significantly and officer readiness coming out of training has improved.
- Processing Centres use heavily adapted training packages and the training approach varies across regions. Some regions use self-directed online modules followed by teleconference sessions used for discussion and questions. This approach has yielded mixed results as teachers have noticed that the post-training monitoring period has lengthened following the change in approach as officers struggle meeting their performance and quality targets. Some regions are using a classroom approach consisting of a theory portion followed by an observation session and conclude with the officer working on a selection of hand-picked work items where the teachers will review their work. This new approach has been yielding promising results and could be adopted in all Processing Centres.

All delivery channels and regions are using the concept of mentors. Internal Audit found there are no guidelines or requirements in place to qualify as a mentor. Interviewees that had recent experience with mentors noticed little consistency in how the role of mentor was perceived.

Considering the shift to virtual training, mentoring will become an increasingly important tool to help new officers achieve correct, consistent, and timely decisions. In our opinion, the Department would benefit from formalizing the mentor's role with soft and technical skill requirements as well as clearly defined roles and responsibilities.

Reference Tools

Reference tools have been improving across all channels since the 2013 Internal Audit on EI. However, the search capability of all reference tools used to support the delivery of special benefits has consistently been identified as sub-par by interviewees. Officers will often have problems finding the page they are looking for and have to guess how to query the reference tool to get the result they want. Internal Audit found no evidence of analytics being used to identify search behavior and increase usability of reference tools. In January 2017, a survey of Service Canada Centres officers highlighted potential improvements to their reference tool and CSB is taking action to address the survey results.

There are currently three (3) separate platforms supporting reference tools for EI (one per service delivery channel). The Department could benefit significantly from integrating these platforms in a single department-wide platform that could accommodate multiple reference tools. Development efforts deployed to enhance the following functionalities would benefit all reference tools hosted on this new platform:

- Enhanced search functionality;
- Personalized highlights of changes to reference pages based on the date of the last visit; and
- Embedded feedback mechanisms to help focus updates on articles considered most problematic by officers.

Quality Assurance Monitoring

Service Canada Centres, Call Centres and Processing Centres each have their own quality assurance monitoring processes performed by Business Expertise Advisors (BEAs). The following table summarizes these processes:

Quality Assurance Process	Covers Work Done By…	Frequency	Internal Audit Observations	National Calibration
In Person Quality Monitoring Program	Service Canada Centres	Once every 3 years per officer	The program focuses on soft and technical skills. However, the low frequency of reviews coupled with the training observations outlined above lead to inconsistent quality of interactions as they relate to EI, a recurring theme in Internal Audit's interview of in person, call and processing centre officers.	Yes, national calibration sessions started in June 2017
National Quality and Coaching Program	Call Centres	Two reports per year per officer, 3 to 5 calls per report	One of the more mature quality programs focussing on soft as well as technical skills. Reports provided to officers centre around trends rather than isolated issues. The efficiency of the program could be improved by recording calls used for reports as well as calls used for national calibration.	Yes
Individual Quality Feedback	Processing Centres	Two work items reviewed per month per officer to a maximum of 20 reviews per year	Work items are reviewed by BEAs to ensure they have been completed in accordance with reference tools. Review process is very focussed on adhering to national operational policies and procedures. Manual selection process of work items by Team Leaders is tedious and leads to undesirable behaviour by officers.	No, but in development
Processing Accuracy Review	Service Canada Centres Call Centres Processing Centres	18,500 initial, renewed and revised decisions, some of which relate to special benefits	This review verifies that applications for benefits are adjudicated and calculated in accordance with national operational policies and procedures and estimates the rate of conformity with them. Manual intervention is required to select decisions.	No, but in development
Payment Accuracy Review	Service Canada Centres Call Centres Processing Centres	500 random claims per year, some of which are for special benefits	Using monetary unit sampling, claims are reviewed by two separate reviewers. Results from both reviews are compared to ensure the accuracy and the consistency of results among reviewers. The current sampling strategy might under-represent Sickness Benefits due to their smaller monetary value.	Yes

Items selected for the Individual Quality Feedback and the Processing Accuracy Review involve manual intervention that may result in selection bias or errors. Furthermore, for the Individual Quality Feedback, work items selected for review were often completed in the first 10 days of the month due to the manual selection process. Some officers have noticed that work items completed later in the month are rarely subject to a quality review. This situation has lead, in isolated cases, to undesirable behaviors.

When review work is performed across all regions, national calibration sessions become a crucial component of quality assurance. Calibration ensures that reviews are performed consistently from BEA to BEA, and from region to region. For Processing Centres, because BEAs performing quality reviews are also creating and delivering regionalized training, calibration is paramount to mitigate the risk of regional inconsistencies.

Recommendation

8 TISMB should improve its current quality assurance processes to reduce manual item selection and include regular national calibration exercises.

Management Response

TISMB agrees with the recommendation. TISMB will assess opportunities to improve manual item selection to reduce bias and will conduct regular national calibration exercises. Actions are expected to be completed by December 2018.

3. Conclusion

Overall, the audit concludes that the Department is moderately efficient and effective in delivering EI special benefits.

Key controls to achieve correct, authorized and timely decisions are in place. Changes are adequately managed so processes and systems remain in compliance with the *Employment Insurance Act* and relevant policies. Personal and program information collected and created throughout intake, adjudication, processing, payment and maintenance is adequately safeguarded.

PROTECTED. Other areas of improvement include a more efficient collection of information to adjudicate special benefits claims, increased first contact resolution and the implementation of controls to verify that EI special benefits are processed consistently.

4. Statement of Assurance

In our professional judgement, sufficient and appropriate audit procedures were performed and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on observations and analyses at the time of our audit. The conclusions are applicable only for the delivery of EI special benefits. The evidence was gathered in accordance with the Treasury Board *Policy on Internal Audit* and the *International Standards for the Professional Practice of Internal Auditing*.

Appendix A: Audit Criteria Assessment

Audit criteria		Rating
It is expected that all information required to adjudicate special benefits claims is efficiently collected.		Controlled, but should be strengthened, medium risk exposure
PROTECTED	PROTECTED	PROTECTED
	PROTECTED	PROTECTED
	PROTECTED	PROTECTED
It is expected that controls have been designed and are operating as intended to achieve correct, consistent, and timely decisions.		Controlled, but should be strengthened, medium risk exposure
It is expected that benefits are authorized and approved for payment by individuals with appropriate delegated authority.		Sufficiently controlled, low risk exposure
It is expected that information affecting a claimant's receipt of special benefits is collected and acted on in a timely manner.		Sufficiently controlled, low risk exposure
It is expected that changes to processes and systems are managed to remain in compliance with the *Employment Insurance Act* and relevant policies.		Sufficiently controlled, low risk exposure
It is expected that monitoring and reporting on the correctness, consistency, and timeliness of decisions is sufficient to improve the delivery of EI special benefits.		Controlled, but should be strengthened, medium risk exposure
It is expected that personal and program information collected and created throughout intake, adjudication, processing, payment and maintenance is adequately safeguarded.		Sufficiently controlled, low risk exposure

Appendix B: Glossary

ACP	Automated Claims Processing
BEA	Business Expertise Advisor
CSB	Citizen Service Branch
EI	Employment Insurance
ESDC	Employment and Social Development Canada
ISB	Integrity Services Branch
NWS	National Workload System
SEB	Skills and Employment Branch
SIN	Social Insurance Number
TISMB	Transformation and Integrated Service Management Branch